Financial and Consumer Affairs Authority of Saskatchewan

Annual Report 2015/2016

FCAA

Financial and
Consumer
Affairs Authority

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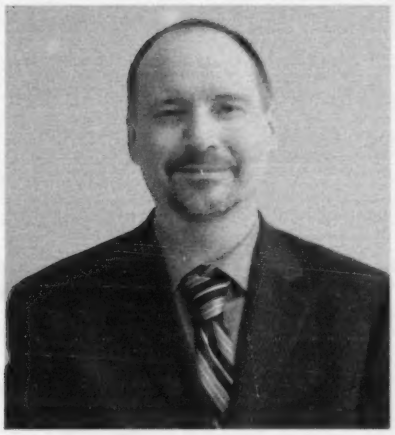
Letters of Transmittal

Her Honour, Honourable Vaughn Solomon Schofield,
Lieutenant Governor of Saskatchewan

May It Please Your Honour:

As the Minister responsible for Financial and Consumer Affairs Authority of Saskatchewan, I respectfully submit the annual report for the year ending March 31, 2016.

Gordon S. Wyant, Q.C.
Minister of Justice and Attorney General



Honourable Gordon Wyant, Q.C.
Minister of Justice and Attorney General

Dear Sir:

I have the honour of submitting for your consideration the annual report of Financial and Consumer Affairs Authority of Saskatchewan for the year ending March 31, 2016.

Roger Sobotkiewicz
Chair
Financial and Consumer Affairs Authority of Saskatchewan

Message from the Chair

Looking back over the past year, I am proud of what Financial and Consumer Affairs Authority (FCAA) staff accomplished. Multiple initiatives kept us busy as we shaped Saskatchewan's marketplace for years to come.

We continued to work with officials in other jurisdictions participating in the Capital Markets Regulatory Authority (CMRA), keeping the development of the national securities regulator moving forward. We also began a series of extensive consultations with SaskCentral and Credit Union Deposit Guarantee Corporation (CUDGC) on a new provincial framework to regulate SaskCentral, the statutory liquidity manager for the Saskatchewan credit union system.

A number of important projects completed last year will improve the retirement security of many civic workers in Saskatchewan. We worked with Ministry of Justice officials to amend *The Pension Benefits Regulations, 1993* to establish new funding rules for The Regina Civic Employees' Superannuation and Benefit Plan, The City of Saskatoon Fire and Protective Services Department Superannuation Plan and The Retirement Plan for Employees of the Saskatoon Board of Police Commissioners. The amendments to the regulations, combined with changes to the pension plan contracts, will make those plans more affordable and sustainable, protecting thousands of plan members.

Much of our work this past year focused on improving the exchange of information. One of our enduring objectives is to improve the flow of information from our regulated entities to consumers and investors - informed consumers and investors are protected consumers and investors. We implemented new vehicle dealer regulations that include comprehensive disclosure requirements aimed at helping consumers make better vehicle buying decisions.

We also developed a continuing education course for mortgage brokers to improve their compliance with the requirement to provide disclosure to consumers.

We spent time communicating directly with the public to get important information into the hands of the end users who need it. In order to get our key messages to people who don't follow mainstream media, we went beyond traditional news releases and carried out a number of social media campaigns on Facebook and Twitter, reaching tens of thousands of Saskatchewan citizens through cost-effective mediums.

Another area of focus was our own exchange of information with the industries we regulate. Highlights of our work in this area include:

- This past spring we launched our new Registration and Licensing System (RLS), which takes our paper licensing processes and converts them to the digital world. Our vehicle dealer licensees were the first to register on RLS. As new features come online, it will be a one-stop shop for other licensees to register, manage their data and make payments from their computer or mobile devices;
- Staff members put on more than 11 information sessions about the new vehicle dealer regulations in cities and towns across the province to inform vehicle dealers about the new requirements; and
- We led a project on behalf of Canadian insurance regulators to modernize the harmonized insurer licence application form to better ensure insurance regulators get the information they need from insurers to make effective licencing decisions.

From raising awareness about new legislation, to alerting consumers of fraud, or making it easier for licensees to comply with regulations, we recognize that the exchange of information is at the core of successful regulation and we believe we made great strides in that area last year.

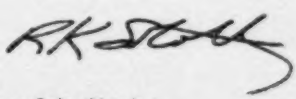
We also enhanced our skill-set on the board this year with the addition of Howard Crofts last fall.

During his career, Howard worked with a variety of private and public sector clients providing audit, accounting, income tax, consulting and business advisory services. His background and experience will be a tremendous asset to FCAA.

This year promises to be every bit as busy. Public consultation has begun or will soon begin on regulations for *The Insurance Act*, new regulations for direct sellers and a proposed regulatory framework for negotiated cost pension plans. We'll also work with stakeholders on the implementation of the new SaskCentral legislation, including putting in place the supporting standards, policies and processes needed for the administration of that legislation.

None of last year's accomplishments or the current year's projects would be possible without the tremendous dedication of FCAA staff. I thank them for their ongoing commitment to the work we do. Their efforts have been, and always will be, at the heart of our success.

I'm pleased to share the results of our efforts documented throughout this report. We're proud of what we do and will continue to work hard to maintain public confidence in the Saskatchewan marketplace.



Roger Sobotkiewicz

Chair

Who We Are

As a regulator and quasi-judicial adjudicator, we protect Saskatchewan consumers, public interests and businesses by providing effective, balanced and timely market regulation.

Financial and Consumer Affairs Authority (FCAA) is a Crown corporation assigned to the Minister of Justice and Attorney General and led by an eight-person Board of Directors established under *The Financial and Consumer Affairs Authority of Saskatchewan Act*. FCAA is dedicated to advancing the interests of consumers by ensuring fair trading conduct and minimizing opportunities for unfair, unlawful, or deceitful commercial activity.

- Financial services are essential to the growth, development and strength of market economies because they support corporate growth and innovation and make managing financial risk easier. Regulation is essential for maintaining the integrity, efficiency, and transparency of financial markets. Except for banks, FCAA regulates and adjudicates all financial services in Saskatchewan including: the credit union system, insurance, pensions, securities, trust and loans, payday loans and mortgage brokers.
- Consumer protection regulation is also critical to helping Saskatchewan residents acquire wealth and retirement savings. As the world continues to shrink due to globalization and transactions become more complex, fraud schemes become increasingly varied and common. This means consumer protection laws are more important than ever. Enforcement of consumer protection laws is necessary to ensure Saskatchewan residents have a high quality of life, confidence in their government, institutions and the marketplace. Another positive effect of consumer protection regulation: it supports consumer confidence, which encourages investment.

FCAA is responsible for helping to develop provincial legislation, regulations, policies and rules and for interpreting and applying those rules while protecting the rights and interests of consumers when the rules are violated. In addition, we support an environment that upholds a fair marketplace for consumers and a level playing field for businesses.

Our regulatory functions for financial services include prudential and market conduct regulation. Prudential regulation means making sure regulated businesses and institutions are financially sound. Market conduct regulation entails ensuring businesses comply with consumer protection provisions such as confidentiality, disclosure and fair practices.

We rely on and oversee key partners for licensing and regulation including:

- Credit Union Deposit Guarantee Corporation
- Funeral and Cremation Services Council of Saskatchewan
- General Insurance Council of Saskatchewan
- Hail Insurance Council of Saskatchewan
- Investment Industry Regulatory Organization of Canada
- Life Insurance Council of Saskatchewan
- Mutual Fund Dealers Association of Canada
- Saskatchewan Real Estate Commission

FCAA supports consumer education and awareness as a means of encouraging consumers to protect themselves.

Lisa Liesch, Audit Manager, Consumer Credit.

Board of Directors

Board Members: Peter Carton, Roger Sobotkiewicz, Mary Ann McFadyen, Paul Robinson, Susan Amrud, Howard Crofts, Gordon Hamilton and Derek Fahl are absent.

Roger Sobotkiewicz

Chair and Chief Executive Officer
Adjudicative Committee

Roger Sobotkiewicz was appointed Chairperson of the Authority on February 4, 2016. Prior to that, he held the position of acting Chairperson since February 1, 2015. He is also the CEO of the Authority and holds a number of statutory appointments, including: Superintendent of Insurance; Superintendent of Pensions; Superintendent of Financial; and Institutions and Registrar of Credit Unions. Mr. Sobotkiewicz acted as legal counsel for the Authority for more than a decade, during which time he led a number of significant policy initiatives for the Authority. Prior to joining the Authority, he practiced law in private practice and in the Crown sector. He holds a Bachelor of Laws from the University of Manitoba.

Paul Robinson

Vice-Chair - Appointed June 2009
Human Resources and Governance Committee
Adjudicative Committee

Paul Robinson was appointed to the Authority in June 2009. His career includes several senior positions in provincial and municipal governments including Deputy Minister of Revenue and Financial Services and Deputy Minister of Parks and Renewable Resources. He has also worked as a financial planner with a national investment firm. He has an honours BA from the University of Waterloo and an MBA from McMaster University. He is also a non-practicing professional accountant (CPA, CMA) and a Chartered Financial Analyst (CFA).

Peter Carton

Member - Appointed June 2009
Chair of Finance and Audit Committee
Adjudicative Committee

Peter Carton was appointed to the Authority in June 2009. Mr. Carton retired from a career spanning 30 years with the Royal Bank of Canada. He has background in all areas of retail banking; most recently, he was the Regional Vice-President for Commercial Banking covering Saskatchewan, Manitoba and northwestern Ontario. Mr. Carton holds an MBA from Dalhousie.

Gordon Hamilton

Member - Appointed June 2009
Chair of Human Resources and Governance Committee
Adjudicative Committee

Gordon Hamilton was appointed to the Authority in June 2009. Mr. Hamilton is a lawyer in private practice with the Saskatchewan law firm of McDougall Gauley LLP. He has extensive experience in labour relations and administrative law, having served as Vice Chairperson of the Canada Industrial Relations Board. Mr. Hamilton also has a background in the co-operatives and Saskatchewan credit unions. He held senior positions at Affinity Credit Union, Saskatchewan Wheat Pool (now Viterra), and Federated Co-operatives Limited.

Mary Ann McFadyen

Member - Appointed June 2009
Human Resources and Governance Committee
Adjudicative Committee

Mary Ann McFadyen was appointed to the Authority in June 2009. Ms. McFadyen was associated with the Saskatchewan Chamber of Commerce for over 30 years. She was the Executive Director and CEO of the Chamber for more than two decades. In recognition of her contribution to business, she received the Canada 125 Award and was named one of the ten most influential women in Saskatchewan by *Saskatchewan Business Magazine*.

Derrek Fahl

Member - Appointed July 2011
Chair of Adjudicative Committee
Finance and Audit Committee

Derrek S. Fahl was appointed to the Authority in July 2011. He is a partner at Miller Thomson. He has a corporate-commercial practice, working in the areas of mergers & acquisitions, securities law, corporate governance and secured lending transactions. Mr. Fahl holds a Bachelor of Commerce and Juris Doctor from the University of Saskatchewan.

Susan Amrud, Q.C.

Member - Appointed July 2014
Finance and Audit Committee
Adjudicative Committee

Susan Amrud, Q.C. was appointed to the Authority in July 2014. She is the Associate Deputy Minister of the Ministry of Justice. After three years in private practice, she has spent the last 32 years of her career practicing law in the Ministry of Justice with a focus on legislative development. She is a member of the board of the Credit Union Deposit Guarantee Corporation, the Law Reform Commission and Pro Bono Law Saskatchewan. She holds a Bachelor of Arts, with distinction, and a Bachelor of Laws from the University of Saskatchewan.

Howard Crofts

Member - Appointed December 2015
Finance and Audit Committee
Adjudicative Committee

Howard Crofts is a Chartered Professional Accountant (FCPA, FCA) and holds a Bachelor of Administration degree from the University of Saskatchewan. He spent his career working in public practice providing assurance, tax and business advisory services to clients in a variety of industries. For 10 years prior to retiring from MNP LLP in 2012, he held various leadership roles at the Firm's regional and national levels. He currently serves as a member of the boards of directors and various committees of Saskatchewan Government Insurance (SGI), SGI Canada Insurance Services Ltd., Coachman Insurance Company, Saskatchewan Auto Fund, Saskatchewan Cancer Agency, Raven Oil Corporation, Greystone Managed Investments Inc.'s Pension Committee and Pooled Fund Advisory Committee and Pro Docs Ltd.

Curtis Brezinski, Compliance Auditor, Securities.

Committees of the Board

The work of the Board of Directors is assisted by the following committees:

The Finance and Audit Committee helps the Board of Directors fulfill its oversight responsibilities by reviewing:

- our policies and procedures for managing risk;
- our financial statements and other financial information;
- the ways we control our finances and accounting; and
- how we report on our accounting and financial reporting processes and external auditor's performance.

This committee also oversees our audit process and provides advice to continue improving our financial policies and practices.

The Human Resources and Governance Committee gives the Board of Directors advice on compensation, corporate assessment, and corporate governance matters. The goals of this committee are to ensure FCAA has:

- a culture of integrity;
- systems in place to assess staff performance;
- systems in place to assess FCAA's performance – including our Board of Directors and committees;
- appropriate corporate governance policies, practices, and procedures that are being followed;
- an employee compensation and benefit package that attracts and retains qualified staff; and
- succession planning in place for senior management and other critical positions.

The Adjudicative Committee periodically re-evaluates our policies and procedures for hearings and recommends improvements. This committee also helps board members stay current on legal issues related to FCAA's hearing process.

In addition to our board members, two retired justices were appointed to this committee in 2013: The Honourable Eugene Scheibel and The Honourable Larry Kyle. Both also serve as panelists at FCAA hearings.

Our Divisions

FCAA is organized into five program divisions: Consumer Credit, Consumer Protection, Insurance and Real Estate, Pensions, and Securities. These program areas are supported by the Chair's Office, which includes Corporate Services, Communications, and the Legal Branch.

Consumer Credit

The Consumer Credit Division is responsible for regulating Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.

Consumer Protection

The Consumer Protection Division supports fair trading in goods or services between consumers and businesses when the purchases are for personal, household, or family use. The division strives to protect consumers and maintain a fair trading business environment through market regulation, sector-specific business and salesperson licensing, complaint investigation, education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement action and research. The division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

Insurance and Real Estate

The Insurance and Real Estate Division licenses all companies that transact insurance in Saskatchewan. The division protects insurance policyholders by regulating provincial insurance companies, federal and provincial insurance companies' market conduct, and by overseeing the Insurance Councils of Saskatchewan with respect to rules insurance agents and brokers must follow. The division also protects real estate buyers and sellers by overseeing the rules that the Saskatchewan Real Estate Commission applies to real estate brokers and salespersons.

Pensions

The Pensions Division registers and supervises pension plans which are established for Saskatchewan workers. Many of these plans also have members who work in other provinces. In that case, the Division supervises the plans on behalf of the pension regulators in other provinces, in accordance with a multilateral agreement with the other jurisdictions.

The Division ensures that plans comply with the minimum standards in *The Pensions Benefits Act, 1992*, and are funded according to the rules in the Act. The Division also promotes the equitable treatment of plan members and protects their pension saving from undue loss. It supervises all changes to registered pension plans, including changes to plan design, governance, plan mergers and terminations.

The Division will also be responsible for *The Pooled Registered Pension Plans Act*, which will come into force in spring 2016.

Securities

The Securities Division protects investors by regulating trading in securities. Activities aimed at protecting investors include:

- registering individuals and companies in the investment industry;
- reviewing documents used by companies and individuals to sell their securities to the public;
- requiring businesses to file regular financial information, send it to their security holders, and disseminate it to the market;
- reviewing companies' continuous disclosure documents, such as financial statements and press releases, to ensure they provide appropriate and timely ongoing information to serve as a basis for securities trading in the secondary market;
- exempting businesses from the main requirements of the legislation, when appropriate;
- holding to account those who have not followed the provisions of the Act, or who have engaged in fraudulent and unscrupulous practices;
- participating in oversight of Investment Industry Regulatory Organization of Canada (IIROC) and the Mutual Fund Dealers Association of Canada (MFDA); and
- participating in policy development on a national basis.

Glenys Wood, Registration Officer, Securities.

How We Work

Here at FCAA, we have four main activities that help us to build and maintain your trust in Saskatchewan's markets.

Licensing and Registration

We license and register more than 19,000 entities and individuals in Saskatchewan across a wide variety of industries to make sure they are suitable for our marketplace.

Review, Audit and Compliance

We review prospectuses of businesses who wish to raise capital from the public. We routinely conduct audits to make sure that businesses and individuals are complying with Saskatchewan laws and meeting their obligations to consumers.

Market Conduct and Complaint Handling

Every day we receive, review, and investigate consumer complaints to determine whether rules have been violated. We work to mediate solutions for all parties or to recommend further courses of action. We pride ourselves on providing the people of Saskatchewan with respectful, professional service.

Enforcement

Sometimes the information we receive from complaints, audits and compliance activities, or from other sources shows that people or entities have violated the rules. We use our legislated authority to hold these persons to account through our hearing processes or by collaborating with law enforcement.

Christina Meredith, Legal Counsel, Securities.

We License and Register more than 19,000 entities and individuals.

2015 – 2016 Accomplishments

Goal: Establish and support effective rules for Saskatchewan's marketplace

- **Continued consultations and development of regulations under *The Consumer Protection and Business Practices Act (CPBPA)*.**

  The new vehicle dealer regulations came into force February 1, 2016 after consultations with the public, industry and other stakeholders.

  The regulations regarding consumer contracts and prepaid cards have also been implemented.

  Periodic reviews and modernization of legislation is required to ensure a high standard of consumer protection.

- **Reviewed *The Film and Video Classification Act* for amendment. Motion picture distributors and theatre operator associations were consulted.**

- **Continued to develop uniform provincial and federal legislation and regulations in support of the Cooperative Capital Markets Regulatory System with other participating jurisdictions.**

  Local access and local decision making will be preserved while at the same time enhancing enforcement and policy making activities.

- **Continued working on the implementation of derivatives regulation in Saskatchewan including planning for operational needs.**

  The derivatives framework is being implemented over a period of years. Amendments to *The Securities Act, 1988* were recently proclaimed to support this work and regulations to implement reporting of trades in derivatives will come into effect next fiscal year.

  The derivatives market in Saskatchewan is small compared to Canada and the world, but derivatives provide a very necessary tool for many businesses in Saskatchewan. This market is globally integrated, so it is important our regulation of derivatives is modern and harmonized with other jurisdictions.

- **Implemented the multi-jurisdictional crowdfunding general order based on the Saskatchewan model.**

  Development of small business is important to the Saskatchewan economy. In order for small business to grow they need access to cost-efficient capital. We are always looking for ways to support this need while at the same time maintaining the protection of investors.

- **Finalized work on and implemented amendments to the offering memorandum exemption.**

  These amendments assist small businesses, enhance public protection and harmonize requirements between some jurisdictions.

- **Worked with the Ministry of Justice, SaskCentral and Credit Union Deposit Guarantee Corporation to develop legislation to regulate the financial activities of SaskCentral in order to maintain confidence in Saskatchewan's credit union system.**

- **Continued the development of regulations for *The Insurance Act*.**

  The new legislation harmonizes Saskatchewan with current legislation in Alberta and British Columbia so insurers do not have to deal with different requirements in multiple jurisdictions.

  The regulations will protect consumers through greater focus on market conduct of insurers and intermediaries.

- **Protected pension plan members of The Regina Civic Employees' Superannuation and Benefit Plan by having the regulations amended with respect to the funding rules for the plan.**

  Amendments to the regulations, combined with changes to the pension plan contract, make the pension plan more affordable and sustainable.

- **Developed amendments to the regulations with respect to the funding rules for The City of Saskatoon Fire and Protective Services Department Superannuation Plan and The Retirement Plan for Employees of the Saskatoon Board of Police Commissioners, which were passed.**

  These two pension plans were closed and two new plans were registered for Saskatoon's firefighters and police officers.

- **Established a framework for Pooled Registered Pension Plans (PRPPs). The PRPP regulations were passed in February 2016.**

  FCAA has also been working with officials of the federal and provincial governments in finalizing a multilateral agreement.

- **Worked with other jurisdictions to update the multi-jurisdictional pension plan agreement. The updates are necessary to provide clarity regarding which laws apply to multi-jurisdictional pension plans. It is expected that a new agreement will be signed in 2016-17.**

Goal: Administer the rules in Saskatchewan's marketplace

- **Continued work on the development of a plan to increase tips from the financial services industry.**

  By receiving information from industry about possible scams, we can protect investors and the integrity of the capital markets.

- **Incorporated electronic technology in hearings to increase efficiency.**

- **Worked with the Ministry of Justice to obtain appointments of FCAA lawyers to prosecute offences under certain FCAA administered acts as agents of the Attorney General.**

  This is another tool to use against businesses and people who take advantage of others.

- **Initiated development of a supervisory framework and operational capacity to administer the legislation, when it comes into effect, for regulating SaskCentral.**

  This robust framework will allow SaskCentral to operate effectively and fosters market confidence.

- **Reviewed options for the administration of Saskatchewan's commercial cemeteries.**

Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

- **Executed over 20 education campaigns informing the public about various topics including: financial literacy, debt management, vehicle purchases, gift returns, payday loans and warranties.**

  Used media, social media and the website, as well as collaborated with organizations to disseminate the information.

- **Issued investor specific education campaigns focused on fraud prevention and registration of firms and individuals selling securities, as a regulatory member of the Canadian Securities Administrators.**

- **Issued consumer alerts informing the public about suspicious activity in the marketplace while highlighting red flags and ways to protect themselves.**

Goal: FCAA has the people, processes, and systems to achieve its regulatory goals

- **Implemented a new regulatory licence management system for all vehicle dealers.**

  The new Registration and Licensing System will streamline the process for regulated entities to file and renew applications and licences online.

- **Continued to work with our partners in the government's information technology division to safeguard our stakeholder data within our IT framework.**

- **Continued work on the development of corporate-wide processes and policies for data and records management.**

  Data and records must be managed and stored in a consistent manner to ensure integrity. FCAA follows the government's Administrative Records Management Schedule (ARMS) and Operational Records Schedule (ORS) policies.

- **Continued working with other participating jurisdictions on establishing a capital markets regulatory authority to administer uniform securities legislation and regulations.**

  The new authority will better protect investors and support efficient capital markets by harmonizing regulations across participating jurisdictions.

- **Continued to examine the framework for self-regulatory organization oversight.**

  The self-regulatory organizations play a significant role in public protection.

- **Developed plan to achieve a balanced budget for FCAA after the launch of CMRA.**

2016 - 2018 Goals

Goal: Establish and support effective rules for Saskatchewan's marketplace.

- **Develop regulations under *The Consumer Protection and Business Practices Act*.**

  The Act was proclaimed September 1, 2014. The legislation repeals several business licensing statutes and the proclamation of the repealing sections will occur as licensing regulations are passed over the next few years.

  Regulations will cover: consumer contracts, prepaid purchase cards, motor dealers, direct sales, credit reporting, auctioneers, charitable fund-raising and collection agents.

  The Direct Sellers Act is next on the list. Consultations with affected stakeholders will be undertaken.

- **Develop and implement legislation to regulate the financial activities of SaskCentral as it becomes a provincial responsibility in January 2017.**

  A credible framework and oversight by a strong regulator means credit unions can provide efficient day to day operations further protecting credit union members' money.

- **Implement *The Insurance Act* and develop regulations pursuant to the Act. The new legislation will modernize insurance law in Saskatchewan, address emerging insurance issues and harmonize legislation with Alberta and British Columbia.**

  The new legislation, which received Royal Assent on May 14, 2015, will assist insurers with up to date harmonized requirements with Alberta and British Columbia and provide better public protection through increased focus on market conduct of industry participants.

- **Continue development of uniform provincial legislation and regulations in support of the Cooperative Capital Markets Regulatory System.**

- **Finalize and implement the framework for PRPPs.**

  The Pooled Registered Pension Plans (Saskatchewan) Act received Royal Assent on May 15, 2013, and the regulations were passed in February 2016. It is expected that Act and regulations will be proclaimed May 1, 2016.

  The Government will then be able to sign a multilateral agreement with other jurisdictions who have PRPP legislation in place, and the framework will then be fully in place.

- **Continue to work with other jurisdictions to finalize a new multilateral agreement under *The Pension Benefits Act, 1992*.**

  A new agreement will provide a clear legal framework for multi-jurisdictional pension plans in Canada.

- **Consult regarding new funding rules for private sector negotiated cost pension plans, and begin developing amendments to the regulations.**

  Private sector negotiated cost pension plans are currently subject to temporary funding rules. We are developing new permanent rules which will lessen the probability that member benefits will be reduced in response to a pension plan deficit, and make the plans more sustainable going forward.

Goal: Administer the rules in Saskatchewan's marketplace

- **Continue working with the Ministry of Justice, SaskCentral and Credit Union Deposit Guarantee Corporation to develop and implement a supervisory framework and the operational capacity to administer the legislation regulating SaskCentral.**

  This will ensure market confidence as checks and balances will be in place and members' money will be protected.

- **Develop and implement, together with other Canadian insurance regulators through the Canadian Council of Insurance Regulators (CCIR), a supervisory framework (including regulations and interjurisdictional agreements) to ensure Canada meets the requirements of the International Association of Insurance Supervisors' Insurance Core Principles dealing with market conduct.**

  This will focus insurers on the importance of their market conduct with their customers and the processes they need to have in place to monitor their handling of market conduct. It will refocus efforts by regulators to ensure that insurers have processes and procedures in place to better ensure appropriate market conduct in dealing with their customers. This will help customers who buy insurance products.

- **Finalize the review of the administration of Saskatchewan's commercial cemeteries.**

Goal: Promote consumers' and regulated entities' understanding of their respective rights and responsibilities

- **Execute monthly communications campaigns to provide the public with important information on consumer issues and to improve FCAA's public awareness.**

- **Develop communications strategies to respond to significant events in the marketplace and for issues emanating from FCAA.**

Goal: FCAA has the people, processes, and systems to achieve its regulatory goals

- **Fully implement the new Registration and Licensing System for all regulatory divisions other than the Securities division.**

  The new system will improve our service to our clients and make better use of data analysis.

- **Continue reviewing our processes to ensure FCAA's information technology service providers are appropriately managing and securing FCAA's IT systems and related data.**

- **Continue the development of corporate-wide processes and policies for data and records management.**

- **Establish a capital markets regulatory authority with other participating jurisdictions to administer uniform securities legislation and regulations.**

  FCAA employees currently involved in capital markets regulation will be seconded to the CMRA for three years following its establishment, at which time they may, by agreement, transfer and become part of the CMRA.

- **Continue the development and implementation of the FCAA self-regulatory organization oversight framework.**

- **Implement the plan to achieve a balanced budget for FCAA after the launch of CMRA.**

Shandel Wilson, Lawyer, Legal.

Governing Legislation

The Auctioneers Act

The Cemeteries Act

The Charitable Fund-raising Businesses Act

The Collection Agents Act

The Consumer Protection and Business Practices Act

The Cost of Credit Disclosure Act, 2002

The Credit Reporting Act

The Credit Union Act, 1998

The Credit Union Act, 1985

The Direct Sellers Act

The Film and Video Classification Act

The Financial and Consumer Affairs Authority of Saskatchewan Act

The Funeral and Cremation Services Act

The Mortgage Brokerages and Mortgage Administrators Act

The Payday Loans Act

The Pension Benefits Act, 1992

The Real Estate Act

The Sale of Goods Act

The Saskatchewan Insurance Act

The Securities Act, 1988

The Ticket Sales Act

The Trust and Loan Corporations Act, 1997

Performance Measures

We use performance measures to track our core activities and progress toward achieving strategic action items and to assess our success for the organization as a whole. In addition, each division also has efficiency and effectiveness measures.

How We Measure Success

Stakeholders - How do stakeholders see us?

- Regulated entities have confidence in the Saskatchewan marketplace.
- Consumers use FCAA information.

Our people - How do we continue to improve, innovate and create value?

- Monitoring human resource management effectiveness.
- Employee participation in learning and development.

Operational/Internal - How do we demonstrate operational excellence?

- Number of regulated entities reviewed each year.
- Client service standards achieved.

Financial - How are we accountable?

- Variance from budget is contained.

Client Service Standards

Consumer Credit

- Review an application for licensing and issue a licence or an initial comment letter within 15 business days.

Insurance and Real Estate

- Review an application for licensing and issue a licence or an initial comment letter within 30 business days, when FCAA is the primary regulator, or 15 business days, when FCAA is not the primary regulator.

Pensions

- Review actuarial valuations of non-designated pension plans within 45 business days.
- Review annual information returns within 25 business days.

Securities

- Approve or respond to applications for individual registration within ten business days when FCAA is the principal regulator.
- Provide initial comments within ten business days of the date of the preliminary receipt issued for a long form prospectus and within three business days of the date of the preliminary receipt issued for a short form prospectus, when FCAA is the principal regulator.

Consumer Protection

- Respond to telephone inquiries immediately or return messages within three business days.
- Review an application for licensing and issue a licence or provide an initial comment letter within 15 business days.

Performance Measures 2015-2016

Measure	Data	Why Chosen	Target	Performance
Stakeholder Confidence in FCAA	Stakeholder Survey	Stakeholder views on the effectiveness of regulation are important	Maintain ± 3% or Improve	3.45 on a five point scale in 2013 survey*. This represents a seven per cent improvement over the last survey.
Consumers Use FCAA Information	Website Usage	The website is the primary way we disseminate information to consumers	5% Increase in Number of Hits on Consumer Pages	236,785 hits. (5.2% increase) (225,067 in 2014-15)
Number of Regulated Entities Reviewed Each Year (Field and Desk Review)	Number of entities directly regulated by FCAA. Target number of entities that will be reviewed (based on risk and other criteria)	Sufficient regulation is both educational and a deterrent	Complete 100% of planned reviews	• Pensions:100% • Consumer Credit: 92% • Insurance and Real Estate: 100% • Securities: 100%
Client Service Standards	See "Client Service Standards" on page 21	Service standards indicate quality service to those regulated	Meet 100% of Client Service Standards	
	Consumer Credit: Review an application for licensing and issue a licence or an initial comment letter within 15 business days			100 %
	Insurance and Real Estate: Review an application for licensing and issue a licence or an initial comment letter within 30 business days			98.5 %
	Pensions: Review of Valuations within 45 business days			100 %
	Review of Annual Information return within 25 business days			100 %
	Securities: Response to individual registration applications within 10 business days			99 %
	Comments on long form prospectuses within 10 business days			100 %
	Comments on short form prospectuses within three business days			100%
	Consumer Protection: Response to inquiry line callers within three business days			100 %
	Application Reviews within 15 business days			100 %
Human Resource Management Effectiveness	Employee survey	FCAA's most valuable resource is its people	Maintain ± 3% or Improve	80 % Employee Engagement (83 % in 2014-15)
Staff Participation in Learning and Development	Employee survey Timecards	We want to create a learning environment for staff	80% Employee Participation	100% of Employees
Variance from Budget	Government Financial System	Managing within authorized amounts indicates efficiency	Within 10% of Expenditure Budget	5.2 % under budget

*The survey is reviewed on a periodic basis.

Division Statistics

CONSUMER CREDIT DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013-14	2012-13	2011-12
Licences in Force under ***The Trust and Loan Corporations Act, 1997***					
· Financing Corporations	152	131	124	120	108
· Trust Corporations	42	42	41	45	47
· Loan Corporations	8	8	7	8	8
· Loan Brokers	4	6	8	8	7
Licences in Force under *The Mortgage Brokerages and Mortgage Administrators Act*					
· Mortgage Brokerages	54	52	55	48	43
· Mortgage Brokers	118	115	120	120	124
· Mortgage Associates	223	219	207	167	148
· Mortgage Administrators	1	1	1	1	1
Licences in Force under *The Payday Loans Act*					
Payday Lenders	53	54	59	59	56
Credit Unions (as of March 31st*)	46	49	52	55	60
Audits, Inspections or Reviews	19	26	27	55	22

*The 2014-15 annual report mistakenly reported Credit Unions as of December 31, 2013. The correct numbers are now reported.

CONSUMER PROTECTION DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013 - 14	2012 - 13	2011 - 12
Licences/Registrations in Force:	6,506	6,332	6,068	5,729	5,515*
· Vendors/ Registrants	1,589	1,720	1,660	1,613	1,617
· Salespersons	4,917	4,612	4,408	4,116	3,898
Telephone Inquiries	6,853	5,024	6,670	6,192	7,613
Complaints, Investigations, and Inspections	508	477	531	510	343
Bond Pay-Outs to Consumers	0	0	0	$8,000	0

* The 2014-15 annual report mistakenly reported the 2011-12 Licences/Registrations in Force as 5,512. The correct number is now reported.

INSURANCE AND REAL ESTATE DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013-14	2012-13	2011-12
Insurance Companies Based in Saskatchewan	11	12	12	12	13
Extra-Provincial Reciprocal Insurers	8	9	8	N/A	N/A
Audits, Inspections, or Reviews	20	23	14	24	21

PENSIONS DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013-14	2012-13	2011-12
Number of Plans Supervised	552	557	530	523	501
Number of Members in Plans Supervised	184,065	180,110	176,522	172,881	168,594
New Plans Registered	18	31	18	25	26
Plans Terminated	18	10	14	29	18
Actuarial Valuations Reviewed	20	37	32	11	22
Annual Information Returns Reviewed*	578	538	574	514	496
Plan Amendments Registered	149	137	105	168	122
On-site Pension Examinations	1	1	0	2	5

*The number of reviewed joint annual information returns (AIRs) will not precisely match the number of registered pension plans supervised. There are several reasons for this – i) a pension plan may file more than one AIR in any given fiscal year, ii) plan jurisdiction and design changes can result in additional AIR filings (i.e. transferring of plans between jurisdictions, plan mergers, etc.), and iii) plans listed as terminated plans would have had AIR filing requirements throughout the year in which they terminated.

SECURITIES DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013-14	2012-13	2011-12
Companies Registered to Sell Securities at Year End	511	508*	497*	506	488
Individuals Registered to Sell Securities at Year End	13,310	13,015	12,762	12,189	12,177
Receipts Issued for Selling Documents of Saskatchewan Issuers	2	5	5	5	9
Selling Documents Received of Non-Saskatchewan Issuers	681	847	793	877	918
Continuous Disclosure Documents Received:					
· Annual Financial Statements	5,021	4,984	4,994	4,814	4,822
· Interim Financial Statements	7,716	7,696	7,745	7,773	7,582
· Proxy/Information Circulars	3,935	3,668	4,126	3,890	3,794
· Material Change Reports	3,006	2,959	3,260	3,384	3,563
· Annual Information Forms	1,215	1,261	1,406	1,217	1,357
Management Discussion and Analysis Received:					
· Annual	1,355	1,326	1,461	1,434	1,460
· Interim	4,161	4,087	4,180	4,318	4,301
· Annual Management Report of Fund Performance Received	3,789	3,620	3,558	3,221	3,286
Applications for Exemption:					
· Applications Granted	75	99	123	123	106
· Applications Withdrawn	3	1	10	21	14
Investigated Complaints and Enforcement Action:					
· Number of Files Open** at Beginning of the Period	117	102	82	78	71
· Number of Files Opened During the Period	96	119	106	111	101
· Number of Files Closed During the Period	89	104	86	107	94
· Number of Files Open at the End of the Period	124	117	102	82	78

*The 2014-15 annual report mistakenly reported Companies Registered to Sell Securities at Year End for 2014-15 and 2013-14 as 663 and 630 respectively. The correct number is now reported.

**Files Open includes: investigative files, general inquiries, share certificate search requests and crowdfunding detrimental checks.

SECURITIES DIVISION STATISTICS					
ACTIVITY	2015-16	2014-15	2013-14	2012-13	2011-12
Files Opened by Complaint Type:					
· Disclosure Violation	0	0	0	0	3
· Fraud	3	2	9	9	7
· Illegal Distribution	22	23	24	28	12
· Insider Trading	3	7	2	8	6
· Market Manipulation	0	0	0	1	2
· Misconduct by Registrants (Including Referrals to the Investment Industry Regulatory Organization of Canada and the Mutual Fund Dealers Association of Canada)	38	32	34	46	44
· General Inquiries, Share Certificate Inquiries, Assistance to other Regulators and Crowdfunding Files	30	55	37	19	27
· Total Files Opened	96	119	106	111	101
Investigation Orders	8	8	8***	5	6
Temporary and Extending Enforcement Orders	32	5	2	5	7
Settlement Agreements with Orders	4	2	2	1	4
Hearings with Orders	8	7	4	1	0

***The 2013-14 annual report mistakenly reported Investigation Orders as 46. The correct number is now reported.

Financial Statements

FCAA Management Team.

Management's Responsibility for Financial Statements

Financial and Consumer Affairs Authority of Saskatchewan

Report of Management for the Year Ended March 31, 2016

The accompanying financial statements are the responsibility of the management of the Financial and Consumer Affairs Authority of Saskatchewan. They have been prepared in accordance with Public Sector Accounting Standards, using management's best estimates and judgments where appropriate.

Management is responsible for the reliability and integrity of the financial statements, the notes to the financial statements, and other financial information contained in this report. Management is also responsible for maintaining a system of internal controls, policies, and procedures designed to provide reasonable assurance that assets are safeguarded and that accounting systems provide timely, accurate and reliable financial information.

The Authority's Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The financial statements have been reviewed and approved by the Board.

The Office of the Provincial Auditor has audited the Financial and Consumer Affairs Authority of Saskatchewan financial statements in accordance with Canadian generally accepted auditing standards and its report follows.

Roger Sobotkiewiczhuff
Chair and Executive Director
July 14, 2016

Ian McIntosh CPA CA
Chief Financial Officer
July 14, 2016

Independent Auditor's Report

PROVINCIAL AUDITOR
of Saskatchewan

INDEPENDENT AUDITOR'S REPORT

To: The Members of the Legislative Assembly of Saskatchewan

I have audited the accompanying financial statements of the Financial and Consumer Affairs Authority of Saskatchewan, which comprise the statement of financial position as at March 31, 2016, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards for Treasury Board's approval, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Financial and Consumer Affairs Authority of Saskatchewan as at March 31, 2016, and the results of its operations, changes in net financial assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Judy Ferguson

Regina, Saskatchewan
July 15, 2016

Judy Ferguson, FCPA, FCA
Provincial Auditor

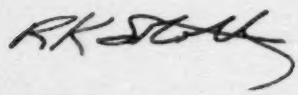
Statement 1
FCAA Statement of Financial Position As at March 31

	2016	2015
Financial Assets		
Cash	$ 2,873	$ 1,015
Due from General Revenue Fund (Note 4)	19,690,260	19,174,166
Accounts receivable	21,192	38,286
Total financial assets	19,714,325	19,213,467
Liabilities		
Accounts payable and accrued liabilities	886,043	602,763
Dividend payable to General Revenue Fund (Note 5)	16,391,505	16,501,154
Unearned revenue (Notes 2 and 13)	3,127,167	2,115,891
Total liabilities	20,404,715	19,219,808
Net-Financial Assets (Statement 3)	(690,390)	(6,341)
Non-Financial Assets		
Tangible Capital Assets (Notes 2, 10 and 18)	667,628	-
Prepaid expenses	22,762	6,341
Total Non-Financial Assets	690,390	6,341
Accumulated Surplus (Statement 2)	$ -	$ -

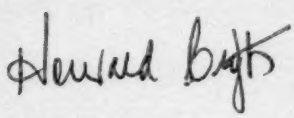
Contractual Obligations (Note 9) and Contingencies (Note 15)

(See accompanying notes to the financial statements)

APPROVED BY THE BOARD



Chairperson



For Chairperson, Finance and Audit Committe

Statement 2
FCAA Statement of Operations for the Year Ended March 31

	Annual Budget 2016	Actual 2016	Actual 2015
	(Note 17)		
Revenue			
Revenue (Notes 2 and 12)	$19,712,000	$24,221,881	$23,430,163
Expenses			
Salaries and benefits	5,880,000	5,762,552	5,853,616
Travel (Note 14)	86,000	66,646	73,462
Contract services	812,000	709,347	655,991
Communications	10,000	27,742	23,606
Rent, supplies and services	1,074,000	1,056,564	1,070,977
Minor asset purchases	31,000	7,340	29,042
Information System Development (Notes 2 and 18)	1,000,000	20,685	127,315
Transfers (Note 16)	67,000	179,500	95,000
Total expenses	8,960,000	7,830,376	7,929,009
Annual Surplus (Note 11)	10,752,000	16,391,505	15,501,154
Accumulated Surplus, beginning of year	$ -	-	1,000,000
Less:			
Dividend to General Revenue Fund (Note 5)	(10,752,000)	(16,391,505)	(16,501,154)
Accumulated Surplus, end of year (Statement 1)	$ -	$ -	$ -

(See accompanying notes to the financial statements)

Statement 3
FCAA Statement of Changes in Net Financial Assets for the Year Ended March 31

	2016	2015
Annual Surplus (Statement 2)	$ 16,391,505	$ 15,501,154
Acquisition of tangible capital assets (Notes 10 and 18)	(667,628)	-
Increase in prepaid expense	(16,421)	(6,341)
Dividend to the General Revenue Fund (Note 5)	(16,391,505)	(16,501,154
Decrease in net financial assets	(684,049)	(1,006,341)
Net financial assets, beginning of year	(6,341)	1,000,000
Net financial assets, end of year (Statement 1)	$ (690,390)	$ (6,341)

(See accompanying notes to the financial statements)

Statement 4
FCAA Statement of Cash Flows for the Year Ended March 31

	2016	2015
Cash Flows from Operating Activities		
Annual Surplus (Statement 2)	$16,391,505	$15,501,154
Changes in non-cash working capital		
· Accounts receivable	17,094	21,588
· Prepaid expenses	(16,421)	8,831
· Accounts payable and accrued liabilities	283,279	(212,329)
· Unearned revenue	1,011,277	99,074
Cash Provided By Operating Activities	17,686,734	15,418,318
Cash Flows from Financing Activities		
Dividend to the General Revenue Fund	(16,501,154)	(14,991,214)
Cash Flows used in Capital Activities		
Information Systems Development (Notes 10 and 18)	(667,628)	-
Net Increase in Cash	517,952	427,104
Cash and cash equivalents, beginning of year	19,175,181	18,748,077
Cash and cash equivalents, end of year	19,693,133	19,175,181
Cash and cash equivalents consists of:		
Cash	2,873	1,015
Due from General Revenue Fund	19,690,260	19,174,166
	$19,693,133	$19,175,181

(See accompanying notes to the financial statements)

FCAA Notes to the Financial Statements for the Year Ended March 31, 2015

1. Authority and Purpose

The Financial and Consumer Affairs Authority of Saskatchewan (FCAA) was established under the provisions of *The Financial and Consumer Affairs Authority of Saskatchewan Act* being Chapter F13.5 of The Statutes of Saskatchewan, proclaimed in force on October 1, 2012.

FCAA is a Treasury Board Crown corporation within the meaning of *The Crown Corporations Act, 1993*.

The mandate of FCAA is to oversee the protection of consumer and public interests and support economic well-being through responsive marketplace regulation. FCAA enhances consumer protection through licensing and registration, audit and compliance, market conduct, complaint handling, and enforcement activities pursuant to various provincial statutes.

FCAA has five divisions to carry out its mandate.

- Consumer Credit Division - regulates and supervises Saskatchewan credit unions; trust, loan and finance companies; loan and mortgage brokers; and payday lenders. The Division protects the public interest and enhances public confidence by encouraging sound and ethical business practices.
- Insurance and Real Estate Division - licenses all companies which transact insurance in Saskatchewan. It protects insurance policyholders through solvency regulation of provincial insurance companies and market conduct regulation of federal and provincial companies. The Division oversees the Insurance Councils of Saskatchewan with respect to rules applied to insurance agents and brokers. The Division also protects real estate buyers and sellers by overseeing the Saskatchewan Real Estate Commission regarding the rules for real estate brokers and salespersons.
- Securities Division - protects investors by regulating the sale of securities, without undue restrictions, to ensure that those who sell securities to investors are honest and competent; investors are provided with selling documents that contain truthful, complete, and understandable information on which to base their investment decisions; buyers and sellers have equal access to information about companies trading in the secondary markets; and those who take undue advantage of investors are held to account.
- Pensions Division - protects Saskatchewan employees' pensions. The Division establishes standards for the structure, administration, investment, and ongoing funding of plans. The Division bolsters public confidence in the pension system by identifying and managing risks and problems while allowing the market to develop to meet the retirement needs of Saskatchewan workers and employers.
- Consumer Protection Division - supports and promotes fair trading in goods or services purchased or acquired from a business for personal, household and family purposes. It strives to protect consumers and maintain a fair trading and business environment through: market regulation, sector-specific business and salesperson licensing, complaint investigations, information and education initiatives, inter-agency and inter-jurisdictional cooperation, enforcement, research, and by taking action on behalf of vulnerable consumers who have been deceived or misled. The Division also supports the Film Classification Board and oversees the Funeral and Cremation Services Council.

In addition, FCAA has a Legal Branch. The Legal Branch provides legal and policy support to FCAA, other than the Securities Division, which has its own legal team.

Refer to Note 19 for anticipated future changes to the capital markets regulatory system.

2. Significant Accounting Policies

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards published by CPA Canada. A statement of remeasurement gains and losses has not been presented in these financial statements, as the carrying value of all financial instruments approximates their fair value.

The following accounting principles are considered significant:

a. Revenue Recognition

i. Fees and Other Sources of Revenue

Fees and other sources of revenue are recognized when earned.

Securities registration fees are, by agreement, collected and remitted to the FCAA by the Investment Industry Regulatory Organization of Canada (IIROC). The fees remitted to FCAA are net of IIROC's administration fees. The FCAA records the gross fees collected by IIROC, and records an offsetting expense equal to the IIROC administration charge. For the year ended March 31, 2016, administration fees charged by IIROC totaled $121,215 (2015 - $116,432).

ii. Unearned Revenue

The Saskatchewan Insurance Act licence fees collected by the Insurance and Real Estate Division are for five-year licences. The licence fees collected by the Consumer Protection Division are also for a five year period. The revenue from licence fees that relate to future periods are recorded as unearned revenue, and recognized as revenue over the term of the licence.

Fees received by the Consumer Credit Division for trust and loan licences, mortgage broker licences, and payday lender licences are reported as revenue in the fiscal year in which the licence is issued. Fees received in one fiscal period for licences issued in the following fiscal period are treated as unearned revenue.

b. Expenses

Expenses represent the cost of resources consumed for operations during the year.

Transfers are recognized as expenses in the period during which the transfer is authorized and any eligibility criteria are met.

c. Tangible Capital Assets

Tangible capital assets are recorded at cost. Currently, FCAA's sole capital asset relates to costs for the Registration and Licensing System (RLS) development. This development is ongoing. Once development has concluded, and on final acceptance of the RLS, costs of the information system will be amortized on a straight line basis over an estimated useful life of 10 years.

d. Use of Estimates

These statements are prepared in accordance with Canadian Public Sector Accounting Standards. These statements require management to make estimates and assumptions that affect the reported amounts of assets/liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual amounts could differ from those estimates. Differences are reflected in the Statement of Operations in the period in which they become known.

3. Financial Instruments

FCAA's financial instruments include due from and dividend payable to the General Revenue Fund (GRF), accounts receivable, accounts payable and accrued liabilities. The carrying amount of these instruments approximates their fair value due to their short-term nature. These instruments have no material interest rate risk or credit risk.

4. Due from General Revenue Fund

FCAA's bank account is included in the GRF and accounted for separately through an accounting segregation. Interest earned on the balance attributed to FCAA is calculated and paid into the account using the Government of Saskatchewan's (the government) 30 day borrowing rate and FCAA's average daily bank account balance. For the year ended March 31, 2016, interest earned totaled $77,969 (2015 - $154,876). The government's average 30 day borrowing rate for the year ended March 31, 2016 was 0.596% (2015 - 0.921%).

5. Dividend to General Revenue Fund

In prior years, FCAA had been following a directive from Treasury Board to its predecessor organization, the Saskatchewan Financial Services Commission, to pay any surplus in excess of $1,000,000 to the GRF as a dividend.

FCAA's budget approved by Treasury Board for the year ended March 31, 2015 required the return of the accumulated surplus, in addition to the annual operating surplus.

For the year ended March 31, 2016, FCAA has recorded the annual operating surplus of $16,391,505 as a dividend to the GRF.

6. Employee Future Benefits

FCAA's employees participate in the Public Employees Pension Plan (PEPP), a multi-employer defined contribution pension plan. Pension costs of $348,074 (2015 - $356,193) are included in salaries and benefits, and comprise the employer contributions for current service of employees during the year. FCAA's liability for PEPP is limited to making its required contributions to the plan.

FCAA provides sick leave benefits for employees. These benefits, if unused, accumulate, but do not vest. The FCAA has not recorded an accrued sick leave benefit obligation, as it has been determined to be immaterial.

7. Related Party Transactions

Included in these financial statements are transactions with various Saskatchewan Crown corporations, ministries, agencies, boards, and commissions related to the FCAA by virtue of common control by the government, non-Crown corporations, and enterprises subject to joint control and significant influence by the government (collectively referred to as "related parties").

The significant related party transactions incurred by FCAA and reflected in these financial statements were paid to the Ministry of Central Services for information technology equipment and support, and other administrative support services, totaling $358,785 (2015 - $343,641). These transactions were recorded at mutually agreed upon rates and settled at normal trade terms.

These financial statements reflect the salary costs of FCAA employees and include the costs of employee benefits, including pension costs (Refer to Note 6), incurred for FCAA by the Province of Saskatchewan relating to those employees. FCAA reimburses the Ministry of Finance for these employee benefit costs. For the year ended March 31, 2016, employee benefit costs totaled $769,101 (2015 - $782,724).

These financial statements do not reflect the costs incurred by a number of related parties on behalf of FCAA. During the period ended March 31, 2016, FCAA received substantial administrative services from the Ministry of Finance without charge. In addition, FCAA, by agreement, received substantial services from the Public Service Commission relating to human resource management and payroll processing without charge.

Other transactions and amounts due to and from related parties are described separately in the financial statements and notes.

8. FCAA's Key Management Personnel Compensation

Key management of the FCAA include members of the Board of Directors, the executive director, and the seven division/branch directors. Compensation paid to key management personnel is shown below. Members of the Board of Directors are compensated solely through meeting per diems and annual retainers.

	2016	2015
Salaries and short term employee benefits	$1,230,039	$1,220,885
Post employment benefits (PEPP)	85,093	84,088
Board per diems and retainers	144,233	117,400
	$1,459,365	$1,422,373

9. Contractual Obligations

Effective January 1, 2013, FCAA has a contractual obligation for its premises. The current lease expires December 31, 2017. The future minimum lease payments in each fiscal year are as follows:

Contractual Obligations	
2016/17	776,823
9 months 2017	582,618

Refer also to Note 18.

10. Tangible Capital Assets

2016 Cost	Information Systems Development
Balance, beginning of year	$ -
Additions	667,628
Disposals	-
Balance, end of year	$667,628
Accumulated Amortization	
Balance, beginning of year	$ -
Additions	-
Disposals	-
Balance, end of year	$ -
Net Book Value, end of Year	$667,628

Refer also to notes 2 and 18.

11. Segmented Disclosure

The following schedule provides the relevant segmented disclosure by division within FCAA:

Year ended March 31, 2016			
Division	Revenues	Expenses	Surplus (Deficit)
Securities Division	$18,807,806	$2,539,265	$16,268,541
Insurance and Real Estate Division	2,078,265	705,444	1,372,821
Consumer Protection Division	870,877	1,315,701	(444,824)
Pensions Division	633,289	595,447	37,842
Consumer Credit Division	1,730,246	708,826	1,021,420
Chair's Office/Administration	101,398	1,073,769	(972,371)
Legal Branch	—	891,924	(891,924)
Totals	$ 24,221,881	$7,830,376	$16,391,505

Year ended March 31, 2015			
Division	Revenues	Expenses	Surplus (Deficit)
Securities Division	$17,485, 732	$2,482,329	$15,003,403
Insurance and Real Estate Division	2,558,798	665,731	1,893,067
Consumer Protection Division	882,218	1,232,871	(350,653)
Pensions Division	608,348	539,225	69,123
Consumer Credit Division	1,740,191	758,569	981,622
Chair's Office/ Administration	154,876	1,323,734	(1,168,858)
Legal Branch	—	926,550	(926,550)
Totals	$23,430,163	$7,929,009	$15,501,154

Expenses relating to the operations of FCAA incurred by certain related parties are not reflected in these financial statements. Refer to Note 7 for additional details.

12. Revenue by category within each division

Sources of revenue by division are as follows:

	2016	2015
Securities Division		
· Prospectus Fees	$10,384,380	$9,302,300
· Registration Fees	5,563,094	5,382,923
· Exemption Fees	251,832	270,806
· Continuous Disclosure Filing Fees	2,567,500	2,511,550
· Administrative Penalties/ Costs of Investigations	41,000	13,700
· Other	-	4,453
Total	18,807,806	17,485,732
Insurance and Real Estate Division		
· Unlicensed Insurance Fees	1,648,457	2,158,392
· Insurance Company Licences/Other	429,808	400,406
Total	2,078,265	2,558,798
Consumer Protection Division		
· Collection Agents Fees	485,919	522,361
· Motor Dealer Fees	161,530	131,637,
· Direct Seller Fees	134,107	129,168
· Other	89,320	99,052
Total	870,876	882,218
Pensions Division		
· Pension Plan Registration, Annual Fees, and Other	633,289	608,348
Consumer Credit Division		
· Trust and Loan Licences	1,444,017	1,355,025
· Mortgage Broker Licences	182,180	201,060
· Payday Loan Licence Fees	104,000	184,000
· Other	50	106
· Total	1,730,247	1,740,191
Chair's Office		
· Interest from GRF and Other	101,398	154,876
Total Revenue	$24, 221,881	$23,430,163

13. Unearned Revenue

Unearned revenue, by revenue category is as follows:

	March 31, 2016	March 31, 2015
Saskatchewan Insurance Licence Fees	$1,555,586	$672,995
Trust and Loan Licence Fees	16,583	2,500
Mortgage Broker Licence Fees	1,750	5,200
Payday Loans Licence Fees	16,000	6,000
Consumer Protection Division Licence Fees	1,537,248	1,429,196
Total	$3,127,167	$2,115,891

14. Travel

FCAA is an active member of a number of financial regulatory organizations that are comprised of similar provincial and territorial regulators from across Canada. FCAA staff meet with their provincial counterparts through these organizations on a regular basis. Out-of-province travel is required for staff to attend these meetings and for other regulatory matters. Staff is also required to travel within the province in carrying out their regulatory responsibilities. FCAA follows the Government of Saskatchewan's policies and procedures relating to travel. Out-of-province travel is subject to prior review and approval. A delegated signing authority, approved by the Board of Directors, is in place to ensure that staff travel expenditures are subject to review and approval at the appropriate levels.

15. Contingencies

FCAA, along with others, is a defendant to several claims brought against it as a result of its operations. FCAA believes that these claims are without merit. If the court finds that FCAA is liable on the claims, any settlement to the plaintiff would be accounted for by FCAA as a charge against operations in the period in which settlement is made.

16. Transfers

The Consumer Protection Division provides ongoing operational funding (transfers) to permit certain consumer protection organizations and cemeteries under administration to meet their financial obligations.

By appointment under Section 74 of The Cemeteries Act, 1999, FCAA administers three cemeteries located in Estevan, Weyburn, and Moosomin. Being under administration, the operation of these cemeteries is independent of the operations of FCAA. As such, the operating results of the cemeteries are not included in the operating results of FCAA.

Transfers provided are as follows:

	2016	2015
Consumer Association of Saskatchewan Inc.	$50,000	$ -
Green Acres Memorial Gardens Ltd.	49,500	35,000
Souris Valley Memorial Gardens Ltd.	35,000	25,000
Sunset Memorial Gardens (1970) Ltd.	45,000	30,000
E. Lees Associates Consulting Ltd.		5,000
Total Transfers	$179,500	$95,000

17. Budget

The annual budget for FCAA for the year ended March 31, 2016 was approved by Treasury Board.

18. Information System Development

FCAA has examined its existing and future information technology system needs. External consultants were engaged to assist staff in this effort. As a result of this work, a request for proposal (RFP) was issued, responses received were subject to detailed review, with shortlist candidates subsequently interviewed by a selection committee. A preferred supplier was chosen for development of FCAA's Registration and Licensing System (RLS). Consultants' costs relating to this stage of the project totaling $20,685 ($127,315 in 2015) have been expensed.

FCAA entered into a contract with FCI Accelerated Solutions Inc. on July 3rd, 2015 to provide the services necessary, including setting up the system, training, system support, and other services, as well as services and performance warranties for $1,395,601. The agreement provides for full implementation by August 2017. The agreement further provides for ongoing system support / maintenance charges of $82,980 for three years following the date of final acceptance.
Costs incurred subsequent to July 3rd, 2015 relating to the development of the RLS are being capitalized. Costs of $667,628 have been capitalized to March 31, 2016. FCAA will begin amortizing the costs of the RLS once final acceptance of the RLS has occurred. (Notes 2 and 10)

19. Cooperative Capital Markets Regulatory System

On August 26, 2014, Saskatchewan's Minister of Justice and Attorney General signed a Memorandum of Agreement to join the Cooperative Capital Markets Regulatory System (CCMR), bringing Canada a step closer to a national regulator.

The implementation of the CCMR will occur in several phases which will include amending provincial and federal legislation, and establishing a common regulator, the Capital Markets Regulatory Authority (CMRA), for participating jurisdictions that will create important national reforms while still allowing provinces to promote local needs.

On the operational launch date (yet to be determined) for the CCMR, the Securities Division of the FCAA will, by service agreement, begin working on behalf of the CMRA. Under this agreement, revenues collected by the Securities Division will be on behalf of and belong to the CMRA, and certain agreed expenses incurred by the Securities Division will be recoverable from the CMRA. After a period of three years from the launch date, the Securities Division may, by agreement, transfer to and become part of the CMRA.

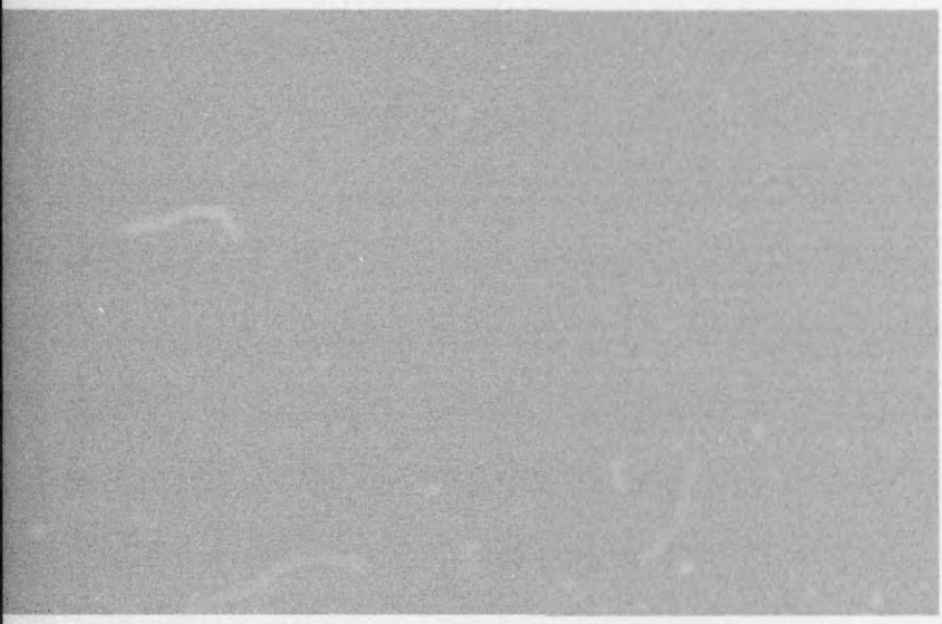
It is expected that the agreement will impact the FCAA's financial statements in future years (Notes 11 and 12).

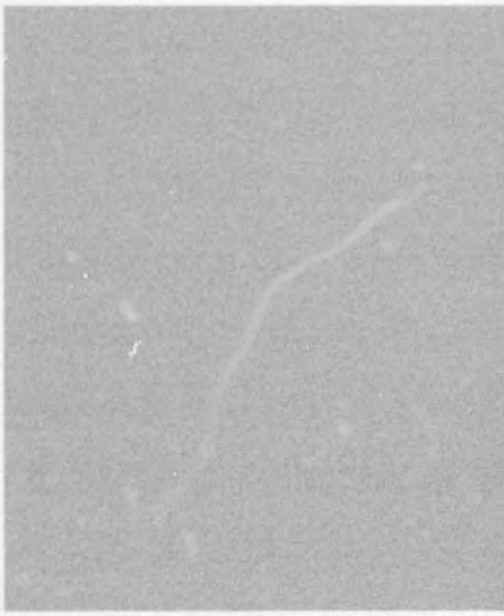
20. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.

FCAA staff members volunteer with Chili for Children.

FCAA staff members volunteer with Canadian Blood Services.





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